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**TOWNSHIP OF RAY
MACOMB COUNTY, MICHIGAN**

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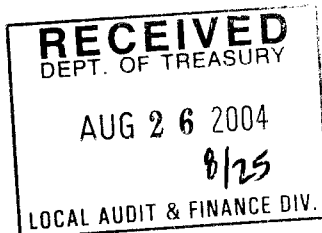
**AUDITED FINANCIAL STATEMENTS
MARCH 31, 2004**

TOWNSHIP OFFICIALS

Supervisor	Charles R. Bohm
Clerk	Dan Hill
Treasurer	Rita Harman
Trustees	Gary Engel, John Zoccola

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.



Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name RAY TOWNSHIP	County MACOMB
Audit Date 3/31/04	Opinion Date 7/7/04	Date Accountant Report Submitted to State: 8/24/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) ANDREWS HOOPER & PAVLIK, PLC			
Street Address 3201 UNIVERSITY DRIVE, SUITE 350		City AUBURN HILLS	State MI
Accountant Signature <i>Roger Hitchcock CPA</i>		ZIP 48326	Date 8/24/04

**TOWNSHIP OF RAY
MACOMB COUNTY, MICHIGAN**

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ANDREWS HOOPER & PAVLIK P.L.C.
Certified Public Accountants

REPORT OF INDEPENDENT AUDITORS

To the Township Officials
Township of Ray
Macomb County
Ray, Michigan 48096

We have audited the accompanying general purpose financial statements of the Township of Ray, Macomb County, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Ray, Macomb County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Township of Ray, Macomb County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Andrews Hooper & Pavlik P.L.C.

Auburn Hills, Michigan
July 7, 2004

**TOWNSHIP OF RAY
MACOMB COUNTY, MICHIGAN
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
March 31, 2004**

	Governmental Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Trust and Agency	General Fixed Assets	General Long-Term Debt	
ASSETS						
Cash and cash equivalents	\$ 903,472	\$ 200	\$ 1,024			\$ 904,696
Due from other funds	1,366	822,974				824,340
Due from other governments	20,359		342			20,701
Fixed assets				\$ 1,584,031		1,584,031
Amount to be provided for retirement of long-term debt					\$ 395,797	395,797
Total assets	<u>\$ 925,197</u>	<u>\$ 823,174</u>	<u>\$ 1,366</u>	<u>\$ 1,584,031</u>	<u>\$ 395,797</u>	<u>\$ 3,729,565</u>
LIABILITIES AND FUND EQUITIES						
Liabilities						
Accounts payable	\$ 27,079	\$ 23,196				\$ 50,275
Accrued expenses	17,569	29,727				47,296
Building bonds payable		47,651				47,651
Due to other funds	822,974		\$ 1,366			824,340
Due to other governments	3,796					3,796
Notes payable						
Total liabilities	<u>871,418</u>	<u>100,574</u>	<u>1,366</u>		<u>\$ 395,797</u>	<u>395,797</u>
Fund equities					<u>395,797</u>	<u>1,369,155</u>
Investment in general fixed assets				\$ 1,584,031		1,584,031
Fund balances						
Unreserved and undesignated	42,073					42,073
Board designated	11,706	722,600				734,306
Total fund equities	<u>53,779</u>	<u>722,600</u>		<u>1,584,031</u>		<u>2,360,410</u>
Total liabilities and fund equities	<u>\$ 925,197</u>	<u>\$ 823,174</u>	<u>\$ 1,366</u>	<u>\$ 1,584,031</u>	<u>\$ 395,797</u>	<u>\$ 3,729,565</u>

The accompanying notes are an integral part of the financial statements

**TOWNSHIP OF RAY
MACOMB COUNTY, MICHIGAN
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
Year ended March 31, 2004**

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
REVENUES			
Property taxes	\$ 124,613	\$ 350,355	\$ 474,968
Licenses and permits	49,742	59,422	109,164
Intergovernmental	291,572		291,572
Charges for services	1,286	17	1,303
Interest	999	3,876	4,875
Other	62,600	1,925	64,525
Total revenues	<u>530,812</u>	<u>415,595</u>	<u>946,407</u>
EXPENDITURES			
Current			
Legislative	11,132		11,132
General government	287,398		287,398
Public safety	94,858	283,702	378,560
Public works	61,483		61,483
Recreation and Culture	68,607		68,607
Capital outlay	14,011	31,995	46,006
Debt service			
Principal	9,729	36,069	45,798
Interest	673	9,048	9,721
Total expenditures	<u>547,891</u>	<u>360,814</u>	<u>908,705</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(17,079)	54,781	37,702
OTHER FINANCING SOURCES (USES)			
Operating transfers in (out)	(35,000)	35,000	
Fund balance, beginning of year (restated)	105,858	632,819	738,677
Fund balance, end of year	<u>\$ 53,779</u>	<u>\$ 722,600</u>	<u>\$ 776,379</u>

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF RAY
MACOMB COUNTY, MICHIGAN
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES
Year ended March 31, 2004

	General Fund			Special Revenue Funds		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
REVENUES						
Property taxes	\$ 125,000	\$ 124,613	\$ (387)	\$ 362,000	\$ 350,355	\$ (11,645)
Licenses and permits	44,500	49,742	5,242	75,100	59,422	(15,678)
Intergovernmental	352,000	291,572	(60,428)			
Charges for services	1,000	1,286	286		17	17
Interest	1,100	999	(101)	9,100	3,876	(5,224)
Other	52,100	62,600	10,500	2,000	1,925	(75)
Total revenues	<u>575,700</u>	<u>530,812</u>	<u>(44,888)</u>	<u>448,200</u>	<u>415,595</u>	<u>(32,605)</u>
EXPENDITURES						
Legislative	11,500	11,132	(368)			
General government	366,300	287,398	(78,902)			
Public safety	81,300	94,858	13,558	640,200	283,702	(356,498)
Public works	92,500	61,483	(31,017)			
Recreation and cultural	87,107	68,607	(18,500)			
Capital outlay	41,993	14,011	(27,982)	375,000	31,995	(343,005)
Debt service						
Principal		9,729	9,729	50,000	36,069	(13,931)
Interest		673	673	13,000	9,048	(3,952)
Total expenditures	<u>680,700</u>	<u>547,891</u>	<u>(132,809)</u>	<u>1,078,200</u>	<u>360,814</u>	<u>(717,386)</u>
Excess (deficiency) of revenues over expenditures	(105,000)	(17,079)	87,921	(630,000)	54,781	684,781
OTHER FINANCING SOURCES (USES)						
Operating transfers in (out)	(35,000)	(35,000)			35,000	35,000
Fund balance, beginning of year (restated)	106,058	105,858		632,819	632,819	
Fund balance, end of year	<u>\$ (33,942)</u>	<u>\$ 53,779</u>	<u>\$ 87,921</u>	<u>\$ 2,819</u>	<u>\$ 722,600</u>	<u>\$ 719,781</u>

The accompanying notes are an integral part of the financial statements

**TOWNSHIP OF RAY
MACOMB COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS
March 31, 2004**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INTRODUCTIONS

The Township of Ray (the Township) complies with accounting principles generally accepted in the United States of America. The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncement, applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) Opinions issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

FINANCIAL REPORTING ENTITY

The Township of Ray, Michigan, established in 1827, is a public corporation created under the constitution and statutes of the State of Michigan. Located in Macomb County, the Township of Ray covers an area of approximately 36 squares miles and is one of 12 townships in Macomb County, Michigan, each of which is a separate governmental entity. The Township operates under an elected Township Board, which consists of a Supervisor, Clerk, Treasurer and two Trustees, and provides services to its more than 3,700 residents in many areas including fire protection, law enforcement and recreation. In evaluating how to define the Township for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America, currently GASB Statement #14, *The Financial Reporting Entity*.

Based upon the application of these criteria, the general purpose financial statements of the Township contain all the funds and account groups controlled by the Township's Board of Officials as no other entity meets the criteria to be considered a blended component unit or a discretely presented component of the Township.

BASIS OF PRESENTATION

The accounts of the Township are recorded in separate funds and account groups, each of which is considered to be a separate accounting entity. The major fund categories and account groups are:

Governmental Funds

General Fund - The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The fund includes the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions, grants and other governmental revenues.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources other than special assessments that are legally or contractually restricted to expenditures for specific purposes. The following funds are included:

- Fire Protection
- Building Department
- Law Enforcement

**TOWNSHIP OF RAY
MACOMB COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS
March 31, 2004**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds

Trust and Agency Fund - Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. Trust and Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The following fund is included:

- Current Tax Collection Fund

Account Groups

General Fixed Assets Account Group - This Account Group presents the fixed assets of the local unit utilized in its general operations. Fixed assets used in the general operations of the unit are recorded as expenditures when purchased and are accounted for in the General Fixed Assets Account Group. No depreciation is recorded for these general fixed assets. Infrastructure assets, including roads, bridges, sanitary sewers, drains, curbs and gutters are not capitalized.

General Long-Term Debt Account Group - This Account Group presents the balance of general obligation long-term debt of the Township.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The accounting of the Township conforms to accounting principles generally accepted in the United States of America as applicable to governmental units.

Governmental funds are accounted for using the flow of current financial resources measurement focus. With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources. Governmental funds are used to account for all or most of the Township's general activities, including the collection and disbursement of earmarked resources and the servicing of long-term debt.

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. Governmental Funds and Trust and Agency Funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are, "measurable and available"). Property taxes, interest and special assessments are susceptible to accrual. Other revenues become measurable and available when cash is received by the Township and are recognized as revenue at that time. The Township considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Expenditures are recorded when the related fund liability is incurred, except interest on long-term debt, which is recorded when paid.

**TOWNSHIP OF RAY
MACOMB COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS
March 31, 2004**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ASSETS, LIABILITIES AND FUND EQUITY

Deposits and investments - The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. State statutes authorize the Township to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts or depository receipts of a bank, savings and loan association or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation or National Credit Union Administration, respectively. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township's investments are in accordance with statutory authority.

Interfund receivables/payables - During the course of operations numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

Property, plant and equipment - General Fixed Assets Account Groups - Property and equipment acquisitions and dispositions are accounted for as expenditures or revenues in all governmental funds. Property and equipment acquired by the Township and used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. All property and equipment are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated property and equipment are valued at their estimated fair value on the date donated. No depreciation has been provided for in the General Fixed Assets Account Group.

The estimated useful lives of fixed assets are:

Land improvements	20 years
Buildings	50 years
Equipment	3-5 years
Vehicles	10 years

Long-term obligations - The Township reports long-term debt of governmental funds at face value in the General Long-Term Debt Account Group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the General Long-Term Debt Account Group.

Fund equity - The unreserved fund balances for governmental funds represent the amount available for budgeting future operations.

USE OF ESTIMATES

The process of preparing general purpose financial statements in conformity with accounting principles generally accepted in United States of America, requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**TOWNSHIP OF RAY
MACOMB COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS
March 31, 2004**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

MEMORANDUM ONLY - TOTAL COLUMN

The "Total" column on the combined general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis and do not represent consolidated financial information. Data in these columns do not present the financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. This data is not comparable to a consolidation because interfund eliminations have not been made in the aggregation of this data.

BUDGETS AND BUDGETARY

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General and Special Revenue Funds. All annual appropriations lapse at the fiscal year end. Each fund's appropriated budget is prepared on a detailed line-item basis. The Township does not maintain a formalized encumbrance accounting system.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to March 31, the Supervisor submits to the Township Board, a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted at the Township's annual board meeting to obtain taxpayer comments.
3. Prior to April 1, the budget is legally adopted by a Township Board Resolution pursuant to the uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires the budget to be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred unless authorized in the budget or in excess of the amount appropriated. Any expenditure in violation of the budgeting act is disclosed as an unfavorable variance on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Revenue Fund Types.
4. The Supervisor is authorized to transfer budgeted amounts between line items within an activity. However, any revisions that alter the total expenditures of any activity must be approved by the Township Board.
5. The budget as presented, has been amended. Supplemental appropriations were made during the year with the last one approved prior to March 31.

**TOWNSHIP OF RAY
MACOMB COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS
March 31, 2004**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ENCUMBRANCES

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

ACCUMULATED UNPAID BENEFITS

The Township does not allow employees to accumulate vacation or sick time from year to year.

NOTE 2. CASH AND EQUIVALENTS - CREDIT RISK

Cash deposits and pooled investments are carried at cost. Deposits of the Township are in the name of the Township at three banks and one financial institution.

At March 31, 2004, the book value of the Township's deposits and pooled investments, consisting of savings accounts, interest bearing checking accounts and a pooled MBIA account, was \$904,596. Of the bank balances, \$301,024 was covered by Federal Depository Insurance and \$152,302 was uninsured.

Deposits and investments are categorized into these three categories of credit risk:

1. Insured or collateralized with securities held by the entity or by its agent in the entity's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
3. Uncollateralized.

	Category			Carrying value
	1	2	3	
Non-pooled	\$ 301,024	\$ -	\$ 152,402	\$ 435,897
Pooled			468,799	468,799
	<u>\$ 301,024</u>	<u>\$ -</u>	<u>\$ 621,201</u>	<u>\$ 904,696</u>

**TOWNSHIP OF RAY
MACOMB COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS
March 31, 2004**

NOTE 3. INTERFUND RECEIVABLES AND PAYABLES

The amount of the interfund receivables and payables are as follows:

Fund	Interfund receivable	Fund	Interfund payable
General	\$ 1,366	Current Tax Collections	\$ 1,366
Fire Protection	784,944		
Building Department	38,030	General Fund	822,974
Total	<u>\$ 824,340</u>	Total	<u>\$ 824,340</u>

NOTE 4. FIXED ASSETS

A summary of changes in General Fixed Assets is as follows:

	April 1, 2003	Additions	Deletions	March 31, 2004
Land and improvements	\$ 104,833	\$ 43,951		\$ 148,784
Buildings	406,171		\$ 184,154	222,017
Machinery and equipment	32,188		6,637	25,551
Library and office furniture and equipment	112,580	9,765		122,345
Recreation equipment	13,394		13,394	
Fire buildings and improvements	178,501		16,501	162,000
Fire equipment and vehicles	704,411	350,500	151,577	903,334
	<u>\$ 1,552,078</u>	<u>\$ 404,216</u>	<u>\$ 372,263</u>	<u>\$ 1,584,031</u>

**TOWNSHIP OF RAY
MACOMB COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS
March 31, 2004**

NOTE 5. GENERAL LONG-TERM DEBT

The following is a summary of the general debt of the Township outstanding as of March 31, 2004:

On November 15, 2001 the Township executed a loan of \$29,140 to fund the purchase of office enclosures in the Township hall. The note is secured by the office enclosures. The note bears interest at a rate of 4.59% and is payable in monthly installments of \$867 including interest. \$ 9,363

On August 10, 1999 the Township secured a bank loan of \$77,000 to partially fund the purchase of a rescue truck. The note is secured by the rescue truck. The note bears interest at a rate of 4.6392% per year and requires annual payment of \$13,142. 35,934

On June 16, 2003 the Township secured a bank loan of \$350,500 to fund the purchase of a pumper truck. The note is secured by the pumper truck. The note bears interest at a rate of 2.81% per year and requires annual payments ranging in amount from approximately \$46,000 to \$54,400. 350,500

Total long-term debt \$ 395,797

A summary of changes in General Long-Term Debt is as follows:

	Balance April 1, 2003	Additions	Reductions	Balance March 31, 2004
Office equipment capital lease	\$ 19,092		\$ 9,729	\$ 9,363
Pumper fire truck	25,103		25,103	
Rescue truck	46,895		10,961	35,934
Pumper fire truck	-	\$ 350,500		350,500
	<u>\$ 91,090</u>	<u>\$ 350,500</u>	<u>\$ 45,793</u>	<u>\$ 395,797</u>

Debt service requirements - The annual principal and interest requirements through maturity for all debts outstanding as of March 31, 2004:

Fiscal year ending	Principal	Interest	Total
2005	\$ 66,840	\$ 10,611	\$ 77,451
2006	59,301	9,139	68,440
2007	61,089	7,227	68,316
2008	49,995	5,861	55,856
2009	51,399	4,456	55,855
2010	52,844	3,012	55,856
2011	54,329	1,527	55,856
	<u>\$ 395,797</u>	<u>\$ 41,833</u>	<u>\$ 437,630</u>

Interest expense for the year ended March 31, 2004 was \$9,721.

**TOWNSHIP OF RAY
MACOMB COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS
March 31, 2004**

NOTE 6. PROPERTY TAXES

Property taxes are levied and become a lien on each December 1 on the taxable assessed value listed as of the prior December 31 and are due without penalty on or before February 28 for all real and business personal property located in the Township. The taxable value of the certified roll on December 31, 2003, upon which the levy for the 2004 fiscal year was based, was \$149,073,180. The collection of these taxes and remittance to the proper authority are accounted for in the Current Tax Collection Fund. Property taxes are recorded as revenue in the fiscal year beginning immediately subsequent to the tax levy date of December 1.

The tax rates assessed for the year ended March 31, 2004 to finance operations and debt per \$1,000 valuation are as follows:

Township operating	.8244
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NOTE 7. EXCESS EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

PA 621 of 1978, Section 18(1) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted at the line-item level.

During the year ended March 31, 2004, the Township incurred expenditures in excess of the amounts appropriated, as follows:

Fund	Total appropriations	Amount of expenditure	Budget variance
General government:			
Public safety	\$ 81,300	\$ 94,858	\$ 13,558
Debt service		9,729	9,729
Interest		673	673

NOTE 8. BOARD DESIGNATIONS

The Township Board has designated \$11,706 of the unrestricted fund balance to be designated for the Recreation Department's future park development.

NOTE 9. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters.

The Township carries commercial insurance for risks to cover these losses. The Township also continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

**TOWNSHIP OF RAY
MACOMB COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS
March 31, 2004**

NOTE 10. CONTINGENT LIABILITIES

The Township is involved in various legal actions arising in the normal course of business. In the opinion of the Township Board, such matters will not have a material effect upon the financial position of the Township.

NOTE 11. PRIOR PERIOD ADJUSTMENT

Certain errors, resulting in the understatement of previously reported liabilities for March 31, 2003 were corrected this year, resulting in the following changes to fund balance as follows:

Building Department Fund:

Fund deficit at March 31, 2003 as previously stated	\$ (35,772)
Understated bonds payable	<u>(3,400)</u>
Fund deficit at March 31, 2003 as restated	<u>\$ (39,172)</u>

NOTE 12. DEFICIT FUND BALANCE

A deficit fund balance of \$12,427 exists in the Building Department Fund. The deficit results from expenditures over revenues incurred in current and prior years. It is expected that positive operations during the next year will provide a positive fund balance.

SUPPLEMENTAL INFORMATION

**TOWNSHIP OF RAY
MACOMB COUNTY, MICHIGAN
SCHEDULE OF COMBINED BALANCE SHEETS
ALL SPECIAL REVENUE FUNDS
March 31, 2004**

	<u>Fire</u>	<u>Building Department</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 100	\$ 100	\$ 200
Due from other funds	784,944	38,030	822,974
Total assets	<u>\$ 785,044</u>	<u>\$ 38,130</u>	<u>\$ 823,174</u>
 LIABILITIES AND FUND EQUITIES			
Liabilities			
Accounts payable	\$ 22,486	\$ 710	\$ 23,196
Building bonds payable		47,651	47,651
Accrued expenses	27,531	2,196	29,727
Total liabilities	<u>50,017</u>	<u>50,557</u>	<u>100,574</u>
Fund equities (deficit)			
Unreserved and undesignated	735,027	(12,427)	722,600
Total liabilities and fund equities	<u>\$ 785,044</u>	<u>\$ 38,130</u>	<u>\$ 823,174</u>

**TOWNSHIP OF RAY
MACOMB COUNTY, MICHIGAN
SCHEDULE OF COMBINED REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
Year ended March 31, 2004**

	<u>Fire</u>	<u>Building Department</u>	<u>Total</u>
REVENUES			
Property taxes	\$ 350,355		\$ 350,355
Licenses and permits	840	\$ 58,582	59,422
Charges for services	17		17
Interest	3,799	77	3,876
Other	1,925		1,925
Total revenues	<u>356,936</u>	<u>58,659</u>	<u>415,595</u>
EXPENDITURES			
Current			
Public safety	216,788	66,914	283,702
Capital outlay	31,995		31,995
Debt service			
Principal	36,069		36,069
Interest	9,048		9,048
Total expenditures	<u>293,900</u>	<u>66,914</u>	<u>360,814</u>
Excess of revenues and other financing sources over expenditures and other financing uses	63,036	(8,255)	54,781
OTHER FINANCING SOURCES (USES)			
Operating transfers in		35,000	35,000
Fund balance (deficit), beginning of year (restated)	671,991	(39,172)	632,819
Fund balance (deficit), end of year	<u>\$ 735,027</u>	<u>\$ (12,427)</u>	<u>\$ 722,600</u>

TOWNSHIP OF RAY
MACOMB COUNTY, MICHIGAN
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
CURRENT TAX COLLECTION FUND
Year ended March 31, 2004

	<u>Balance 04/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 03/31/04</u>
ASSETS				
Cash in bank	\$ 779	\$ 4,051,516	\$ (4,051,271)	\$ 1,024
Due from (to) other governments	<u>(411)</u>	<u>(3,598,830)</u>	<u>3,599,583</u>	<u>342</u>
Total assets	<u>\$ 368</u>	<u>\$ 452,686</u>	<u>\$ (451,688)</u>	<u>\$ 1,366</u>
LIABILITIES				
Due to other funds	<u>\$ 368</u>	<u>\$ 452,686</u>	<u>\$ (451,688)</u>	<u>\$ 1,366</u>